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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/789,133	02/26/2004	John M. Bader	056092-00001	6758
31013	7590	06/22/2006	EXAMINER	
KRAMER LEVIN NAFTALIS & FRANKEL LLP INTELLECTUAL PROPERTY DEPARTMENT 1177 AVENUE OF THE AMERICAS NEW YORK, NY 10036				REAGAN, JAMES A
ART UNIT		PAPER NUMBER		
		3621		

DATE MAILED: 06/22/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	10/789,133	BADER ET AL.
	Examiner	Art Unit
	James A. Reagan	3621

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 11 April 2006.

2a) This action is FINAL. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-20 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) 1-20 is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some * c) None of:

1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) Notice of References Cited (PTO-892)

2) Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____.

4) Interview Summary (PTO-413)
Paper No(s)/Mail Date _____.

5) Notice of Informal Patent Application (PTO-152)

6) Other: _____.

DETAILED ACTION

Status of Claims

1. This action is in response to the amendment filed on 11 April 2006.
2. Claims 1, 4, 6, 8, 9, 11, 12 and 16 have been amended.
3. Claims 1-20 have been examined.

RESPONSE TO ARGUMENTS

4. Applicant's arguments received on 11 April 2006 have been fully considered but they are not persuasive. Referring to the previous Office action, Examiner has cited relevant portions of the references as a means to illustrate the systems as taught by the prior art. As a means of providing further clarification as to what is taught by the references used in the first Office action, Examiner has expanded the teachings for comprehensibility while maintaining the same grounds of rejection of the claims, except as noted above in the section labeled "Status of Claims." This information is intended to assist in illuminating the teachings of the references while providing evidence that establishes further support for the rejections of the claims.

In response to Applicant's argument that there is no suggestion to combine the references, the Examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

To this end, the Examiner recognizes that references cannot be arbitrarily altered or modified and that there must be some reason why one skilled in the art would be motivated to make the proposed modifications. Although the motivation or suggestion to make modifications

must be articulated, it is respectfully submitted that there is no requirement that the motivation to make modifications must be expressly articulated within the references themselves. References are evaluated by what they suggest to one versed in the art, rather than by their specific disclosures, *In re Bozek*, 163 USPQ 545 (CCPA 1969).

The Examiner is concerned that the Applicant apparently ignores the mandate of the numerous court decisions supporting the position given above. The issue of obviousness is not determined by what the references expressly state but by what they would reasonably suggest to one of ordinary skill in the art, as supported by decisions in *In re Delisle* 406 Fed 1326, 160 USPQ 806; *In re Kell, Terry and Davies* 208 USPQ 871; and *In re Fine*, 837 F.2d 1071, 1074, 5 USPQ 2d 1596, 1598 (Fed. Cir. 1988) (citing *In re Lalu*, 747 F.2d 703, 705, 223 USPQ 1257, 1258 (Fed. Cir. 1988)). Further, it was determined in *In re Lamberti* et al 192 USPQ 278 (CCPA) that:

- (i) obvious does not require absolute predictability;
- (ii) non-preferred embodiments of prior art must also be considered; and
- (iii) the question is not express teaching of references but what they would suggest.

According to *In re Jacoby*, 135 USPQ 317 (CCPA 1962), the skilled artisan is presumed to know something more about the art than only what is disclosed in the applied references. Within *In re Bode*, 193 USPQ 12 (CCPA 1977), every reference relies to some extent on knowledge of persons skilled in the art to complement that which is disclosed therein. In *In re Conrad* 169 USPQ 170 (CCPA), obviousness is not based on express suggestion, but what references taken collectively would suggest.

In the instant case, the Examiner respectfully notes that each and every motivation to combine the applied references is accompanied by select portions of the respective references which specifically support that particular motivation. As such, it is NOT seen that the Examiner's combination of references is unsupported by the applied prior art of record. Rather, it is respectfully submitted that explanation based on the logic and scientific reasoning of one

ordinarily skilled in the art at the time of the invention that support a holding of obviousness has been adequately provided by the motivations and reasons indicated by the Examiner, *Ex parte Levengood* 28 USPQ 2d 1300 (Bd. Pat. App. & Inter., 4/22/93).

The Applicant's arguments stating that the combination of the prior art of record does not fully disclose nor fairly suggest the claimed invention fails to persuade the Examiner because, as shown in the rejections below, the prior art of record is clearly and unarguably analogous as well as relevant. In addition, Applicant's arguments regarding the teachings of the prior art of record fall short because when combined together, the prior art of record wholly and flawlessly discloses the claimed invention. Applicant should carefully consider revising the claim language to overcome the pending rejections which may place the application in a better condition for allowance. Newly-added limitations have been addressed in the rejections below.

Previous Claim Rejections - 35 USC § 112

5. Claims 6, 9, 11 and 12 were rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. This rejection is hereby withdrawn.

Previous Claim Rejections - 35 USC § 101

6. Claims 1-15 were rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. This rejection is hereby withdrawn.

Claim Rejections - 35 USC § 103

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

Art Unit: 3621

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. Claims 1 and 4-15 are rejected under 35 U.S.C. 103(a) as being unpatentable over King et al, (US 5,704,045 A) in view of Martin (US 6,330,547 B1).

Examiner's Note: The Examiner has pointed out particular references contained in the prior art of record within the body of this action for the convenience of the Applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply. Applicant, in preparing the response, should consider fully the entire reference as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the Examiner.

Claim 1:

King, as shown, discloses the following limitations:

- *establishing a financial arrangement between a responsible party and a debtor, the financial arrangement including terms for paying claims against the debtor* (see at least column 7, lines 61-67, column 20, lines 42-47; column 3, lines 32-44, column 4, lines 48-56, column 8, lines 19-33, column 17, lines 7-10).
- *said offering to pay by the responsible party includes paying said creditor in advance of final distribution in the insolvency proceeding* (See at least column 24, lines 11-17);

King does not specifically disclose the following limitations, but Martin, as shown, does:

- *offering, by the responsible party, to pay a creditor having a claim against the debtor a predetermined payment amount in satisfaction of the entire claim against the debtor* (see at least column 2, lines 20-33, 62-65); and
- *if the creditor accepts the offer, paying the predetermined payment amount to the creditor* (see at least column 14, lines 26-31).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of for distributing property in an insolvency proceeding of King, to include offering, by the responsible party, to pay a creditor having a claim against the debtor a predetermined payment amount in satisfaction of the entire claim against the debtor and if the creditor accepts the offer, paying the predetermined payment amount to the creditor, as taught by Martin, with the motivation of reducing the risk to lenders by providing a known minimum recovery amount in the event of debtor insolvency (Martin; column 2, lines 28-33).

Claims 4 and 5:

With regard to the limitations of:

- *if the creditor does not accept the offer, paying the creditor in accordance with a payment plan established by a third party overseeing the insolvency proceeding;*
- *the third party includes one of a state bankruptcy court and a federal bankruptcy court.*

See at least King column 4, lines 11-18; column 7, lines 8-20.

Claims 6 and 7:

With regard to the limitations of:

- *providing, after paying all claims against the debtor, any remaining proceeds of all assets of the debtor involved in the insolvency proceeding to the insuring or other financially responsible party;*
- *the responsible party includes a financial institution.*

See at least King column 7, line 8 to column 8, line 67; column 4, line 66 to column 5, line 3, column 9, lines 16-26).

Claims 8 and 9:

With regard to the limitations of:

- *the creditor includes a plurality of creditors of the debtor;*
- *the predetermined payment amount differs from an amount paid in the payment plan established by the third party.*

See at least Martin; column 2, lines 3-8, 25-28 and King; column 4, lines 11-18).

Claim 10:

With regard to the limitation of *the insolvency proceeding includes a bankruptcy proceeding*, see at least King column 7, line 14 to column 8, line 18.

Claim 11:

With regard to the limitations of:

- *establishing a distribution plan;*
- *identifying subject property of the debtor; and*
- *wherein the insurance policy terms include paying claims against the debtor by the insuring party as a function of an analysis of the subject property by the insuring party.*

See at least King column 8, lines 1-6, column 14, lines 31-41; column 14, lines 31-41; column 5, lines 13-21, column 7, lines 58-61, column 10, lines 1-3, column 14, lines 41-67.

Claim 12:

With regard to the limitation of *the insurance policy obligates the insuring party to pay all claims against the debtor*, see at least King column 3, lines 32-44, column 7, line 8 to column 8, line 67, column 10, lines 1-3.

Claims 13-15:

With regard to the limitations of:

- *the financial arrangement includes an insurance policy.*
- *the responsible party includes an insurer.*
- *the insurer includes one of an insurance company or a reinsurance company.*

See at least King column 10, lines 1-3, 61-65; column 11, lines 9-14 column 5, lines 51-54, column 9, lines 60-67.

9. Claims 2-3 are rejected under 35 U.S.C. 103(a) as being unpatentable over King/Martin and further in view of Hinckley (US 6,138,102 A).

Claims 2 and 3:

King and Martin teach a method for distributing property in an insolvency proceeding as discussed above, in claim 1. King and Martin fail to explicitly disclose:

- *the payment of the predetermined payment amount is completed within a predetermined time period; and*
- *the predetermined time period is one of a month, a week and a day*

Hinckley, however, teaches a method wherein the payment of the predetermined payment amount is completed within a predetermined time period (Hinckley; column 3, lines 24-27}, and wherein the predetermined time period is one of a month, a week or a day (Hinckley;

column 3, lines 28-32). It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of distributing property in an insolvency proceeding of King and Martin, to include wherein the payment of the predetermined payment amount is completed within a predetermined time period, and wherein the predetermined time period is one of a month, a week or a day, as taught by Hinckley, with the motivation of providing a reliable cost effective and stable mechanism to enable a business to insure a minimum cash flow (Hinckley; column 1, lines 29-31).

10. Claim 16 is rejected under 35 U.S.C. 103(a) as being unpatentable over Mersky et al., (US 6,119,106 A) in view of Martin.

Claim 16:

Mersky, as shown, discloses the following limitations:

- *computer programmable means for communicating with the plurality of creditors, the responsible party and the debtor* (see at least Figure 1, column 2, lines 44-49; column 2, lines 44-49);
- *computer programmable means for establishing a financial arrangement between the responsible party and the debtor* (see at least column 2, lines 51-65);
- *computer programmable means for maintaining a database containing information regarding the debtor and each of the plurality of creditors* (see at least column 12, lines 10-12);
- *computer programmable means for calculating an amount of final payment offered to each of the plurality of creditors* (see at least Figure 4, Item 48, column 8, lines 21-30, 47-50);
- *computer programmable means for providing an offer of the amount to each of the plurality of creditors* (see at least, Figure 5, Item 64, column 10, lines 14-20);

Mersky does not specifically disclose the following limitations, but Martin, as shown, does:

- *computer programmable means for processing one of an acceptance and a rejection of by each of the plurality of creditors of the offer (see at least column 6, lines 1021, column 7, lines 33-38, column 7, line 56 to column 8, line 7); and*
- *computer programmable means for processing claim payments to each of the plurality of creditors that accepts the offer (see at least; column 4, lines 26-30, column 14, lines 26-31).*

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the system for distributing an insolvent debtor's property to a plurality of creditors in an insolvency proceeding of Mersky, to include computer programmable means for processing one of an acceptance and a rejection of by each of the plurality of creditors of the offer, and computer programmable means for processing claim payments to each of the plurality of creditors that accepts the offer, as taught by Martin, with the motivation of reducing the risk to lenders by providing a known minimum recovery amount in the event of debtor insolvency, providing a method for calculating a liquidation value for a property utilizing computer analyses, and providing a method for systematic liquidation of assets (Martin; column 2, lines 28-33, column 3, lines 8-13, 43-45).

11. Claims 17-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Mersky/Martin and further in view of King.

Claims 17-19:

Mersky and Martin teach a system as discussed in claim 16 above. Mersky and Martin fail to explicitly disclose:

- *the financial arrangement includes an insurance policy;*

- *the responsible party includes an insurance company;*
- *the insolvency proceeding includes a bankruptcy proceeding;*

King, however, teaches a system wherein the financial arrangement includes an insurance policy (King; column 10, lines 1-3, 61-65) and wherein the responsible party includes an insurance company (King; column 5, lines 51-54, column 9, lines 60-67) and wherein the insolvency proceeding includes a bankruptcy proceeding (King; column 7, line 14 to column 8, line 18). It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the system for distributing an insolvent debtor's property to a plurality of creditors in an insolvency proceeding of Mersky and Martin, to include wherein the financial arrangement includes an insurance policy and wherein the responsible party includes an insurance company and wherein the insolvency proceeding includes a bankruptcy proceeding, as taught by King, with the motivation of utilizing a data processing system for providing a system for transferring risks which are unique or difficult to place in existing markets, for providing investors a system of accepting a specific risk or a diversification of risk, and a means of assuring timely payment and the highest degree of security available (King; column 3, lines 12-31).

12. Claim 20 is rejected under 35 U.S.C. 103(a) as being unpatentable over Mersky/Martin and further in view of Hinckley.

Claim 20:

Mersky and Martin teach a system as discussed in claim 16 above. Mersky and Martin fail to explicitly disclose *the payment of the offered amount is completed within a predetermined time period*. Hinckley, however, teaches a system wherein the payment of the offered amount is completed within a predetermined time period (Hinckley; column 3, lines 24-27). It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the system for distributing an insolvent debtor's property to a plurality of creditors in an insolvency

proceeding of Mersky and Martin, to include wherein the payment of the offered amount is completed within a predetermined time period, as taught by Hinckley, with the motivation of providing a reliable cost effective and stable mechanism to enable a business to insure a minimum cash flow (Hinckley; column I, lines 29-31).

Conclusion

11. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

12. A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry of a general nature or relating to the status of this application or concerning this communication or earlier communications from the Examiner should be directed to **James A. Reagan** whose telephone number is **571.272.6710**. The Examiner can normally be reached on Monday-Friday, 9:30am-5:00pm. If attempts to reach the examiner by telephone are unsuccessful, the Examiner's supervisor, **James Trammell** can be reached at **571.272.6712**. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://portal.uspto.gov/external/portal/pair> . Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at **866.217.9197** (toll-free).

Any response to this action should be mailed to:

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or faxed to:

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JAMES A. REAGAN

Primary Examiner

Art Unit 3621

13 June 2006



**JAMES A. REAGAN
PRIMARY EXAMINER**